

To: David B. Duncan <ANDERSEN.WO> David B. Duncan <ANDERSEN.WO>
CC:
BCC:
Date: 09/13/2001 11:31 AM
From: Rodney Faldyn <enron.com>
Subject: FW: re: Raptor presentation v5
Attachments: Raptor Options PresentationV5.ppt

> -----Original Message-----

> From: Siurek, Ryan

> Sent: Wednesday, September 12, 2001 3:04 PM

> To: Faldyn, Rodney

> Subject: re: Raptor presentation v5

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> <<Raptor Options PresentationV5.ppt>>

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- Raptor Options PresentationV5.ppt

Project Raptor

Proposed Alternatives
September 2001

Summary

(in millions)

Option	Current Loss			Non-P&L Equity Increase/(Decrease)		
	Terminal vs. L.V.	Credit Delinquency	Total	Current	2015	EPS Dilution
Status Quo	N/A	(\$273)	(\$273)	(\$827)	\$1,706	\$2 million (78 million already included in diluted EPS)
Buyback	(\$431)	(\$273)	(\$704)	(\$1,189)	N/A	N/A
Buyback with share issuance	(\$431)	\$273	(\$158)	\$1,706	N/A	\$2 million (78 million already included in diluted EPS)

Option 1 – Do Nothing

- Current P/L charge of approximately \$273 million
- EPS dilution of approximately 82 million shares at current price levels
- Reduce ENE equity by approximately \$1.1 billion for the current period related to P/L charge (\$273 million) and equity reclassification (\$827 million)
- If ENE price < \$20/share
 - Approximately \$124 million P/L exposure per \$1 decline in ENE price
 - EPS Dilution of 124 million shares (\$360 million pre-tax income per annum)

Option 2 – Terminate All Vehicles

- Current P/L charge of approximately \$609-\$704 million (includes \$61 million LJM payout)
- EPS benefit of approximately 82 million shares (\$238 million pre-tax income per annum)
- Volatility on 18 million NPW shares (reduced from 42 million shares)
- Reduces ENE equity by approximately \$1.9 billion for the current period related to P/L charge (\$609-\$704 million) and buy back of ENE equity instruments

Option 3 – Terminate Raptor 3

- Current P/L charge of approximately \$273 million (NPW = \$3.81) plus LJM buyout cost if any (\$0-\$31 million)
- Volatility on 18MM NPW shares (reduced from 42 million shares)
- Does not provide EPS benefit
- Reduces ENE equity by approximately \$1.1 billion for the current period related to P/L charge (\$273 million) and equity reclassification (\$827 million)
- If ENE price = \$20/share
 - Approximately \$124 million P/L exposure per \$1 decline in ENE price
 - EPS Dilution of 124 million shares (\$360 million pre-tax income per annum)

Option 4 – Terminate Selected Instruments

- Current P/L charge of approximately \$325-\$363 million
- EPS benefit of approximately 16 million shares (\$48 million pre-tax income per annum)
- Gross reporting in Statement of Cash Flows
- Reduces ENE equity by approximately \$1.1 billion for the current period related to P/L charge (\$325-\$363 million) and purchase of equity instruments (\$827 million)
- If ENE price < \$20 share:
 - Approximately \$100 million P/L exposure per \$1 decline in ENE price
 - EPS Dilution of 100 million shares (\$290 million pre-tax income per annum)

Assumptions

- ENE stock price of \$30.49 per share
- NPW stock price of \$3.81 per share
- MPR as of 9/6/01
- EPS target of \$2.15 for 2002
- ENE effective tax rate of 35%
- ENE terminates (a) UBS shares and the related collars and (b) approximately 3.2 million JEDI shares and the related collars